

**HERITAGE BANK**

	CPP Disbursement Date 12/12/2008	Cert 30090	Number of Insured Depository Institutions 1		
Selected balance and off-balance sheet items	2009 \$ millions	2010 \$ millions	%chg from prev		
Assets	\$1,025	\$1,061	3.5%		
Loans	\$649	\$606	-6.7%		
Construction & development	\$98	\$83	-15.1%		
Closed-end 1-4 family residential	\$203	\$188	-7.3%		
Home equity	\$38	\$38	0.3%		
Credit card	\$0	\$0			
Other consumer	\$20	\$18	-11.6%		
Commercial & Industrial	\$55	\$54	-0.4%		
Commercial real estate	\$190	\$195	2.9%		
Unused commitments	\$100	\$83	-17.1%		
Securitization outstanding principal	\$0	\$0			
Mortgage-backed securities (GSE and private issue)	\$115	\$111	-3.9%		
Asset-backed securities	\$0	\$0			
Other securities	\$0	\$0			
Cash & balances due	\$38	\$40	6.0%		
Residential mortgage originations					
Closed-end mortgage originated for sale (quarter)	\$0	\$0			
Open-end HELOC originated for sale (quarter)	\$0	\$0			
Closed-end mortgage originations sold (quarter)	\$0	\$0			
Open-end HELOC originations sold (quarter)	\$0	\$0			
Liabilities	\$938	\$959	2.3%		
Deposits	\$794	\$827	4.1%		
Total other borrowings	\$139	\$127	-8.3%		
FHLB advances	\$0	\$0			
Equity					
Equity capital at quarter end	\$87	\$102	17.0%		
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$0	NA		
Performance Ratios					
Tier 1 leverage ratio	8.1%	9.4%	--		
Tier 1 risk based capital ratio	12.2%	15.4%	--		
Total risk based capital ratio	13.3%	16.2%	--		
Return on equity <sup>1</sup>	10.9%	3.9%	--		
Return on assets <sup>1</sup>	0.9%	0.4%	--		
Net interest margin <sup>1</sup>	3.1%	3.0%	--		
Coverage ratio {(ALL+Alloc transfer risk)/Noncurrent loans}}	64.6%	110.2%	--		
Loss provision to net charge-offs (qtr)	46.4%	85.0%	--		
Net charge-offs to average loans and leases <sup>1</sup>	1.0%	2.4%	--		
<sup>1</sup> Quarterly, annualized.					
	Noncurrent Loans		Gross Charge-Offs		
Asset Quality (% of Total Loan Type)	2009	2010	2009	2010	
Construction & development	4.2%	2.3%	0.3%	0.9%	--
Closed-end 1-4 family residential	0.7%	0.8%	0.2%	0.2%	--
Home equity	0.0%	0.3%	0.1%	0.2%	--
Credit card	0.0%	0.0%	0.0%	0.0%	--
Other consumer	0.1%	0.1%	0.2%	0.3%	--
Commercial & Industrial	0.7%	0.2%	0.3%	0.1%	--
Commercial real estate	0.3%	0.5%	0.1%	1.5%	--
Total loans	1.7%	0.8%	0.2%	0.6%	--